

Government of Alberta ■

# BUDGET 2010

*Striking the Right Balance*

Agriculture and Rural Development  
BUSINESS PLAN 2010-13

Alberta ■

# Agriculture and Rural Development

BUSINESS PLAN 2010-13

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## ACCOUNTABILITY STATEMENT

The business plan for the three years commencing April 1, 2010 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as of January 20, 2010 with material economic or fiscal implications of which I am aware have been considered in preparing the business plan.

The ministry's priorities outlined in the business plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this business plan.

*Original signed by*

Jack Hayden, *Minister of Agriculture and Rural Development*  
January 21, 2010

## THE MINISTRY

The Ministry of Agriculture and Rural Development consists of the Department of Agriculture and Rural Development, the Agriculture Financial Services Corporation (AFSC) and the Alberta Livestock and Meat Agency Ltd. The ministry is also responsible for the Office of the Farmers' Advocate, Irrigation Council, Agricultural Products Marketing Council and Alberta Grains Council.

## VISION

*A competitive, sustainable agriculture and food sector and vibrant rural communities across Alberta.*

## MISSION

The ministry leads in knowledge and innovation; provides the frameworks and services necessary for Alberta's agriculture industry and food sector to excel; and inspires public confidence in the quality and safety of their food. The ministry leads the collaboration that enables resilient rural communities.

## LINK TO THE GOVERNMENT OF ALBERTA STRATEGIC BUSINESS PLAN

Agriculture and Rural Development's business plan supports the Government of Alberta's vision of an innovative and prosperous province where Albertans enjoy a high quality of life built on vibrant rural communities and a healthy environment.

In striving to achieve its mission Agriculture and Rural Development contributes to **Goal 1: Alberta will have a prosperous economy.** The ministry contributes to this goal by creating an environment that enhances industry competitiveness and growth through several of its key initiatives including the Agriculture Workforce Strategy and the Alberta Livestock and Meat Strategy, and by developing and implementing strategies such as the Rural Development Strategy, that focus on opportunities and building capacity in rural Alberta.

Agriculture and Rural Development also contributes to **Goal 4: Alberta will have a financially stable, open and accountable government and maintain its strong position nationally and internationally.** This contribution is made by servicing the debt incurred by Agriculture Financial Services Corporation (AFSC) in providing service to their clients.

## SIGNIFICANT OPPORTUNITIES AND CHALLENGES

Alberta Agriculture and Rural Development's strategic priorities focus on creating the policy and legislative environment that supports a competitive and market-driven industry, safe and secure food products and production practices, environmental stewardship and vibrant rural communities. The ministry works closely with stakeholders in the primary and value-added sectors and other government bodies to support strong sector development and to provide input into the assessment of emerging risks in a rapidly changing environment. Additionally, the ministry works with rural communities and organizations and other ministries to ensure strategies are in place that focus on building capacity to sustain prosperity over the long term. With a wide range of research, strategic information, policy, and extension programs, the ministry identifies key opportunities and challenges and strives to develop responsive strategies and plans while allocating government resources effectively.

### Competitiveness and Growth

The agriculture sector continues to operate in a global business environment, where technological advancements, lower labour costs in emerging economies and rapidly changing consumer demands are creating new opportunities while at the same time increasing challenges to all market participants. Restrictions in market access continue to be a challenge for Alberta's agricultural producers and potential opportunities exist to gain a competitive advantage by identifying markets for verified, high quality goods while ensuring Alberta's agri-based industry can continue to compete and grow. Challenges include increased value of Canadian currency, increasing average age of producers, and increased demands relating to unprecedented growth in the province such as labour and resources. In addition, risk management

tools and processes must continue to move the industry to a higher level of resiliency to climate change, weather variability, pests and disease, product pricing affected by market shifts, and technical and regulatory issues that either enhance or impede competitiveness.

### **Policy and Legislative Frameworks**

Effective policies, legislation and regulations are essential in enabling the growth of a globally competitive, sustainable agriculture and food industry while safeguarding the public interest. Alberta producers/processors can successfully compete globally if foreign markets are more open, trade is less distorted by subsidies and our domestic policies and regulations do not reduce our competitiveness. Continuing the liberalization of agricultural trade through policy direction and multilateral, regional and bilateral agreements; ensuring that legislative frameworks enable innovation and growth; and facilitating alignment and complementarity with policy and legislation held at other levels of government continue to be the ministry's focus in addressing challenges that can hinder industry growth and competitiveness. Additionally, sound and robust rural policy is needed to enhance rural capacity through effective organizations, improved resource utilization, and an expanded leadership base.

### **Food Safety, and Plant and Animal Health**

Consumers and the public continue to expect quality, safe food and transparent origin and handling. The ministry and industry are working towards implementing a traceability system that promotes both food safety assurance and animal health status, and increases market access based on promoting Alberta's food products and practices. The ministry will also continue to work with industry and other levels of government, including Health and Wellness, to encourage the adoption of food safety practices. In addition, the ministry is working with industry on prevention, preparedness, response and recovery to emergencies and other challenges related to plant and animal disease.

### **Research, Development and Commercialization**

Research, development and commercialization contribute significantly to improving competitiveness, profitability and growth. Advances in science and innovation create opportunities for enhancing industry productivity and product offerings. As a result of these efforts, the agriculture industry can be better positioned to meet consumer demand for conventional foods and new bio-products. The ministry continues to assist the agriculture industry to innovate and advance through collaboration with leading research and development organizations and through the development of the ministry's Innovation and Research Strategy.

### **Environment**

Increasing public awareness and pressure for the effective management of air, land and water resources are growing. The ministry is continuing to work with partners within industry and across government to address these pressures and explore environmentally responsive solutions that enable producers and promote competitiveness. Opportunities exist to create competitive advantage through the development and implementation of agricultural practices and systems that manage environmental risks, improve efficiencies, and meet consumer and public expectations.

### **Rural Development and Sustainability**

The dynamics of rural Alberta are changing in terms of economic, social, cultural and environmental conditions. Contributing factors include changing demographics, changing economic bases and conditions, influences of urban centres and increasing urban-rural linkages through information and communications technology. The ministry continues to work with other ministries and partners to ensure that rural policy reflects the changing landscape and the importance of self determination as rural Albertans shape their futures, recognizing that rural communities must build their capacity to act and advance their projects and initiatives to be sustainable.

## STRATEGIC PRIORITIES

Based on the opportunities and challenges facing Agriculture and Rural Development, the Agriculture and Rural Development Strategic Plan, and the linkages to the *Government of Alberta Strategic Business Plan*, the following strategic priorities have been identified:

1. **A business environment that enables a competitive, market-driven agriculture and food sector**

**Linkage:**

**Goals 1, 2, 3 and 4**

The ministry will assist in strengthening and diversifying the agriculture sector by increasing the market value of differentiated and value-added agricultural products and expanding into new markets and products. Through the implementation of the Alberta Livestock and Meat Strategy and Growing Forward: A Federal-Provincial-Territorial Framework Agreement on Agriculture, Agri-Food and Agri-Based Products Policy, the ministry continues its commitment to position the industry in enhancing the value chain to better address customer preferences, and refocus efforts to establish a more sustainable and competitive sector. In partnership with industry and key stakeholders the ministry will continue to facilitate the development of new business models, value added products, plant and animal health practices and agricultural services that respond to market opportunities and challenges. The ministry will remain focused on enhancing domestic and international market access by actively presenting its position for freer and undistorted market access at multilateral and bilateral trade negotiations. The ministry will work with industry to provide better access to capital for farmers, agri-businesses and value added industries and will continue to provide information that supports industry in managing their risks.

2. **Safe, high-quality food products and practices and farmed animal health status and welfare standards**

**Linkage:**

**Goals 1 and 2**

Effective plant and farmed animal health measures are imperative for public health and safety while contributing toward accessing markets, as well as for preventing or responding to potentially economically devastating impacts of foreign animal diseases, invasive plants, plant pests, or plant diseases. The ministry will continue to work collaboratively with industry and other governments toward a fully implemented traceability system that further promotes food safety and inspires public confidence. Product identity preservation, traceability, surveillance and certification of foods will play increasingly important roles in differentiating Alberta products from those of competitors. Additionally, ongoing animal health and welfare and plant health, in addition to food safety surveillance within Alberta will aid in prevention, preparedness, response and recovery in the event of emergencies, foreign animal disease, plant disease and risk management challenges.

3. **Collaboration that enables resilient rural communities**

**Linkage:**

**Goals 1, 2, 3 and 4**

Resilient rural communities significantly contribute to Alberta's prosperity and quality of life. The ministry will partner with other government ministries and key stakeholders to create a positive environment for rural development through policy and programs, and to work with rural communities to build capacity and support locally developed initiatives, plans and projects.

**4. Enhanced  
environmental  
stewardship**

**Linkage:**

**Goals 1, 2, 3 and 4**

Production systems that manage environmental risks and improve practices and efficiencies will benefit industry, the environment and Albertans. The ministry is focused on working collaboratively with industry and other stakeholders to enable the industry to take advantage of new markets and meet public expectations for the environment. This will include some market-based solutions and will be supported through collaborative models and strategies such as the Agri-Environmental Partnership of Alberta and the Alberta Livestock and Meat Strategy. Initiatives such as Alberta's *Land-use Framework* and its relevant strategies and policy initiatives will provide essential guidance for ministry and industry actions.

## **CORE BUSINESSES, GOALS, STRATEGIES & PERFORMANCE MEASURES**

### **Core Business One: Facilitate a market-driven, environmentally responsible industry**

#### **GOAL ONE** **1 A competitive self-reliant industry**

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**What It Means** This goal recognizes the importance of creating a business environment in which industry is able to optimize their position in an increasingly complex world through managing their risk and seizing opportunities to maintain a competitive advantage.

The ministry contributes to this goal through policy development and implementation that helps industry achieve economic success and self-reliance. It works with industry partners on market-driven initiatives to improve competitiveness and facilitates a supportive environment through the provision of information, tools and programs to assist industry in managing their risks. This includes the continued development of effective and robust policies that drive programs aimed at off-setting income variability and volatility in the industry and at addressing natural disasters.

Additionally, providing better access to capital for farmers, agri-business and value-added enterprises promotes investment in the industry. The ministry also assists industry in developing relationships and building networks to support trade and market entry and focuses on the capabilities that industry requires to successfully innovate, access capital, export, and grow. This also involves continuing to advocate for maximum trade liberalization under various trade agreements.

- Strategies**
- 1.1 Support implementation of the Alberta Livestock and Meat Strategy by focusing ministry resources to priority initiatives that create product differentiation, enhance the effectiveness of marketing and diversification efforts, reduce costs and regulatory barriers, and facilitate the evolution of livestock organizations in response to changing market realities.
  - 1.2 Continue to work with industry to implement programs and services aimed at increasing worker recruitment, retention and productivity.
  - 1.3 Continue to increase the industry's ability to manage risk through the facilitation, development, and delivery of risk management information, training, tools, programs and related services.
  - 1.4 Implement a new model to effectively deliver extension programs and services, research-based information and innovative business tools that help industry increase its value-added activity, enhance its productivity, adopt new technologies and enhance animal welfare practices.

- 1.5 Optimize industry's capability to compete by collaborating with partners on targeted research, supporting technology adoption and ensuring investment in essential physical infrastructure.
- 1.6 Advocate Alberta's trade interests by advancing its trade policy positions among federal government and relevant international bodies and forums.
- 1.7 Work with industry to develop and implement trade and transition strategies and continue to showcase Alberta to enhance competitiveness and advance market access.
- 1.8 Assist capable Alberta businesses in expanding exports of products and services to international markets.

| Performance Measures                                                                                                                                        | Last Actual<br>2008-09 | Target<br>2010-11 | Target<br>2011-12 | Target<br>2012-13 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------|-------------------|-------------------|
| 1.a Number of value added products developed and successfully introduced to market with assistance from Agriculture and Rural Development                   | 66                     | 60                | 62                | 62                |
| 1.b Research and development investment by collaborators leveraged through ministry resources (\$ million)                                                  | 6.2                    | 7                 | 7.5               | 8                 |
| 1.c Total leveraged investment in agri-industry businesses (farm-business and agri-business) facilitated by AFSC lending services (\$ million) <sup>1</sup> | 293                    | 305               | 315               | 325               |
| 1.d Percentage of agricultural business managers surveyed, indicating the use of risk management tools for improved decision-making <sup>2</sup>            | 28%                    | n/a               | 35%               | n/a               |
| 1.e Percentage of eligible seeded acres for major crop categories insured under Production Insurance:                                                       |                        |                   |                   |                   |
| • Annual Crops                                                                                                                                              | 68%                    | 67%               | 68%               | 68%               |
| • Perennial Crops                                                                                                                                           | 24%                    | 22%               | 23%               | 23%               |
| 1.f Percentage of Alberta farm cash receipts represented by Alberta participants in AgriStability Program                                                   | 79%                    | 75%               | 76%               | 76%               |

**Notes:**

- 1 Values reported for investments are a proxy measure based on loans approved. Not all approved loans are disbursed, and in some cases there may be timing differences between approval and disbursements of loans.
- 2 A formal evaluation is conducted every three years. The next survey will be conducted in 2011-12 and reported in June 2012.

**What It Means** This goal recognizes it is the role of the ministry to facilitate and encourage the discovery, dissemination and adoption of agricultural best practices and innovative research that can improve productivity while protecting Alberta's natural environment. The agriculture, agri-food and agri-based industry can build on opportunities to realize the benefits associated with production systems that manage risks, address public concerns, and improve efficiencies while stewarding Alberta's air, land and water.

The ministry contributes to this goal by developing integrated environmental policy and facilitating continuous improvement and best practices in environmental management through processes, systems, and business models that certify, verify and recognize excellence. This will be accomplished through collaboration models and strategies such as the Agri-Environmental Partnership of Alberta, the Alberta Livestock and Meat Agency Strategy; and, working in partnership with other Government of Alberta ministries. The ministry also actively contributes to cross-government initiatives and strategies including the *Land-Use Framework*, the *Climate Change Strategy*, the *Clean Air Strategy* and the *Water for Life* strategy.

- Strategies**
- 2.1 Identify and address areas for environmental improvement, determine trends in performance, and help inform collaborative work with industry and other stakeholders through the use of established baseline measures.
  - 2.2 Work with industry to facilitate innovation and best practices in environmental stewardship through research, targeted science and technology.
  - 2.3 Work in partnership with industry and other stakeholders to develop and implement policies, guidelines, and strategies that inform and encourage the adoption of best practices in environmental stewardship.
  - 2.4 Continue to collaborate with all levels of government to meet climate change objectives, including further development of quantification protocols; and, objectives focused on water conservation and better stewardship of provincial lands and resources.
  - 2.5 Work with irrigation districts and producers to meet water conservation, efficiency and productivity targets in support of a diversified and value-added irrigation industry.

| Performance Measure                                                                                                                                       | Last Actual<br>2007-08 | Target<br>2010-11 | Target<br>2011-12 | Target<br>2012-13 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------|-------------------|-------------------|
| <b>2.a Sustainable Agricultural Industry</b><br>The average percentage of improved environmentally sustainable agriculture practices adopted by producers | 58%                    | n/a <sup>1</sup>  | 64%               | n/a <sup>1</sup>  |

**Note:**

1 Not applicable (biennial survey).

## Core Business Two: Food safety, plant health and animal health and welfare

### GOAL THREE



### Farmed animal health and welfare, plant health, safe food products and legislative compliance

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**What It Means** A verifiable reputation for excellence in food safety, plant health and farmed animal health and welfare is essential to ensure the confidence of markets both domestically and internationally. The ministry provides the surveillance, inspection and audits that are the cornerstones of Alberta's food safety, animal health and welfare, and plant health framework. The ministry supports industry with science-based information that demonstrates the soundness of current practices and promotes continuous improvement. Numerous programs and projects directly support the Alberta Livestock and Meat Strategy. The ministry collaborates with industry as well as other partners such as the Canadian Food Inspection Agency, Agriculture and Agri-Food Canada, Health Canada, Health and Wellness, Sustainable Resource Development, Environment and Alberta Health Services.

Alberta's agri-food industry recognizes that responsive and transparent plant health, animal health and welfare and food safety systems reduce liability and risk, and are an essential business requirement for Alberta's producers and processors. The ministry encourages and supports industry's adoption of internationally accepted, science-based food safety, traceability, biosecurity and animal and plant disease preparedness systems and standards through legislation, regulations, infrastructure, research and education.

- Strategies**
- 3.1 Contribute to the development and implementation of national and provincial food safety and farmed animal health and welfare strategies.
  - 3.2 Develop the infrastructure and preparedness that enable government and industry to prevent, detect and respond to invasive crop pest species and foreign or emerging animal disease incursions.
  - 3.3 Enable industry adoption of GMPs<sup>1</sup>, HACCP<sup>2</sup> and HACCP-based systems and initiate the implementation of the Alberta Innovative Meat Inspection System to enhance food safety.
  - 3.4 Develop and deploy traceability systems for multiple livestock species and crops.
  - 3.5 Work with industry and other governments to develop and maintain a provincial crop pest surveillance system ensuring early detection of crop pests and a rapid response for eradication of invasive species.
  - 3.6 Work collaboratively with government departments to prepare for and respond to all provincial hazards, including those that would adversely impact food security in Alberta.

- 1 GMPs - Good Manufacturing Practices (GMPs) are based on Health Canada's code of practice General Principles of Food Hygiene for use by the Food Industry in Canada. These are internationally recognized practices and procedures that guide food processing operating conditions and processing plant environments to assure the production of wholesome and safe food.
- 2 HACCP - Hazard Analysis Critical Control Point is an effective and rational means of assuring food safety from harvest to consumption.

| Performance Measures                                                                                                                                               | Last Actual<br>2008-09 | Target<br>2010-11 | Target<br>2011-12 | Target<br>2012-13 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------|-------------------|-------------------|
| 3.a Percentage of Alberta licensed meat processing facilities that have added a preventative system to their existing food safety system; Meat Facilities Standard | n/a <sup>1</sup>       | 50%               | 60%               | 70%               |
| 3.b Number of Alberta food processing facilities participating in the Alberta HACCP <sup>2</sup> Advantage Program                                                 | 52 <sup>3</sup>        | 33                | 35                | 37                |

**Notes:**

- 1 The 2008-09 actual is reported as n/a as no comparable result that is consistent with the revised methodology is available.
- 2 HACCP is an acronym which means Hazard Analysis Critical Control Point. HACCP is a system that identifies, evaluates, and controls hazards which are significant for food safety.
- 3 The 2008-09 actual was revised to 52 from 200 as the measure is now reported on a non-cumulative basis.

## Core Business Three: Rural development

### GOAL FOUR

# 4

## A vibrant, resilient and sustainable rural Alberta

**What It Means** This goal recognizes that a strong rural Alberta contributes to the province's prosperity. Vibrant and resilient rural communities with increased human and business capacity are able to adapt, build networks, address challenges, and take advantage of opportunities that lead to economic diversification, self-reliance and an improved quality of life.

The ministry contributes to this goal by working with public, private and not for profit sector organizations and agencies, educational institutions, and with industry to strengthen rural leadership and business skills, pursue economic opportunities and facilitate development of community capacity and infrastructure.

The ministry also contributes to this goal by continuing to define and implement policy and strategic priorities, like those expressed in Alberta's Rural Development Strategy, in collaboration with key partners, such as Rural Alberta's Development Fund.

- Strategies**
- 4.1 Collaborate with other ministries and rural stakeholders to advance key strategic initiatives that relate to community capacity, adaptation, economic opportunities, innovation, connectivity and rural stewardship.
  - 4.2 Collaborate with educational institutions, partners and clients to facilitate innovative learning and skill development opportunities.
  - 4.3 Expand rural Alberta's leadership base by working with youth and rural stakeholders.
  - 4.4 Develop and enhance products and services that create new opportunities and provide better access to capital for rural businesses.
  - 4.5 Strengthen rural utility and community infrastructure.

| Performance Measures                                                                                                                     | Last Actual<br>2008-09 | Target<br>2010-11 | Target<br>2011-12 | Target<br>2012-13 |
|------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------|-------------------|-------------------|
| 4.a Total investment leveraged in rural businesses facilitated through AFSC lending services (\$ million) <sup>1</sup>                   | 399                    | 385               | 400               | 415               |
| 4.b Percentage of ministry-supported, agricultural-related community activities that focus on leadership development                     | 33%                    | 31%               | 32%               | 32%               |
| 4.c Percentage of rural youth and adults participating in ministry-supported programs that report effective learning from those programs | 91%                    | 90%               | 90%               | 90%               |

**Notes:**

- 1 Values reported for investments are a proxy measure based on loans approved. Not all approved loans are disbursed, and in some cases there may be timing differences between approval and disbursements of loans.

## EXPENSE BY CORE BUSINESS

(thousands of dollars)

|                                                                  | Comparable        |                   |                     | 2010-11<br>Estimate | 2011-12<br>Target | 2012-13<br>Target |
|------------------------------------------------------------------|-------------------|-------------------|---------------------|---------------------|-------------------|-------------------|
|                                                                  | 2008-09<br>Actual | 2009-10<br>Budget | 2009-10<br>Forecast |                     |                   |                   |
| Facilitate a market-driven, environmentally responsible industry | 1,291,130         | 1,104,755         | 1,368,423           | 1,027,815           | 1,057,128         | 1,106,745         |
| Food safety, plant health and animal health and welfare          | 16,389            | 16,639            | 19,172              | 18,677              | 14,687            | 16,514            |
| Rural development                                                | 69,170            | 70,331            | 73,048              | 73,183              | 67,923            | 71,493            |
| <b>MINISTRY EXPENSE</b>                                          | <b>1,376,689</b>  | <b>1,191,725</b>  | <b>1,460,643</b>    | <b>1,119,675</b>    | <b>1,139,738</b>  | <b>1,194,752</b>  |

## MINISTRY STATEMENT OF OPERATIONS

(thousands of dollars)

|                                            | Comparable        |                   |                     | 2010-11<br>Estimate | 2011-12<br>Target | 2012-13<br>Target |
|--------------------------------------------|-------------------|-------------------|---------------------|---------------------|-------------------|-------------------|
|                                            | 2008-09<br>Actual | 2009-10<br>Budget | 2009-10<br>Forecast |                     |                   |                   |
| <b>REVENUE</b>                             |                   |                   |                     |                     |                   |                   |
| Internal Government Transfers              | 22,220            | 20,720            | 20,720              | 20,720              | 20,720            | 20,720            |
| Transfers from Government of Canada        | 284,069           | 374,127           | 366,528             | 356,799             | 350,156           | 360,379           |
| Investment Income                          | 103,972           | 107,824           | 96,690              | 102,870             | 122,432           | 145,090           |
| Premiums, Fees and Licences                | 233,626           | 261,306           | 232,937             | 253,421             | 267,952           | 276,711           |
| Other Revenue                              | 9,702             | 7,295             | 24,768              | 12,825              | 9,436             | 7,759             |
| <b>MINISTRY REVENUE</b>                    | <b>653,589</b>    | <b>771,272</b>    | <b>741,643</b>      | <b>746,635</b>      | <b>770,696</b>    | <b>810,659</b>    |
| <b>EXPENSE</b>                             |                   |                   |                     |                     |                   |                   |
| Program                                    |                   |                   |                     |                     |                   |                   |
| Agriculture Income Support                 | 652,378           | 346,834           | 353,099             | 292,398             | 294,181           | 296,070           |
| Lending                                    | 24,094            | 26,116            | 25,269              | 26,043              | 26,337            | 27,308            |
| Insurance                                  | 392,959           | 473,164           | 716,005             | 417,845             | 441,375           | 459,289           |
| Policy and Environment                     | 70,177            | 67,409            | 73,634              | 82,971              | 84,840            | 93,008            |
| Rural Development and Regulatory Services  | 23,350            | 26,439            | 28,958              | 26,803              | 16,883            | 18,812            |
| Industry Development and Food Safety       | 112,695           | 95,784            | 110,789             | 116,334             | 107,173           | 121,946           |
| Livestock and Meat Strategy                | 2,613             | 55,090            | 51,426              | 47,728              | 46,914            | 45,187            |
| Infrastructure Assistance                  | 22,252            | 29,050            | 29,050              | 24,000              | 24,000            | 24,000            |
| Ministry Support Services                  | 17,169            | 16,168            | 18,493              | 16,230              | 16,664            | 16,973            |
| Valuation Adjustments and Other Provisions | 1,715             | 2,852             | 2,514               | 4,761               | 5,408             | 4,949             |
| <b>Program Expense</b>                     | <b>1,319,402</b>  | <b>1,138,906</b>  | <b>1,409,237</b>    | <b>1,055,113</b>    | <b>1,063,775</b>  | <b>1,107,542</b>  |
| Debt Servicing Costs                       |                   |                   |                     |                     |                   |                   |
| Agriculture Financial Services Corporation | 57,287            | 52,819            | 51,406              | 64,562              | 75,963            | 87,210            |
| <b>MINISTRY EXPENSE</b>                    | <b>1,376,689</b>  | <b>1,191,725</b>  | <b>1,460,643</b>    | <b>1,119,675</b>    | <b>1,139,738</b>  | <b>1,194,752</b>  |
| Gain (Loss) on Disposal of Capital Assets  | (42)              | -                 | -                   | -                   | -                 | -                 |
| <b>NET OPERATING RESULT</b>                | <b>(723,142)</b>  | <b>(420,453)</b>  | <b>(719,000)</b>    | <b>(373,040)</b>    | <b>(369,042)</b>  | <b>(384,093)</b>  |

## CONSOLIDATED NET OPERATING RESULT

(thousands of dollars)

|                                           | Comparable        |                   |                     | 2010-11<br>Estimate | 2011-12<br>Target | 2012-13<br>Target |
|-------------------------------------------|-------------------|-------------------|---------------------|---------------------|-------------------|-------------------|
|                                           | 2008-09<br>Actual | 2009-10<br>Budget | 2009-10<br>Forecast |                     |                   |                   |
| Ministry Revenue                          | 653,589           | 771,272           | 741,643             | 746,635             | 770,696           | 810,659           |
| Inter-ministry consolidation adjustments  | (22,284)          | (20,720)          | (20,720)            | (20,720)            | (20,720)          | (20,720)          |
| <b>Consolidated Revenue</b>               | <b>631,305</b>    | <b>750,552</b>    | <b>720,923</b>      | <b>725,915</b>      | <b>749,976</b>    | <b>789,939</b>    |
| Ministry Program Expense                  | 1,319,402         | 1,138,906         | 1,409,237           | 1,055,113           | 1,063,775         | 1,107,542         |
| Inter-ministry consolidation adjustments  | (64)              | -                 | -                   | -                   | -                 | -                 |
| <b>Consolidated Program Expense</b>       | <b>1,319,338</b>  | <b>1,138,906</b>  | <b>1,409,237</b>    | <b>1,055,113</b>    | <b>1,063,775</b>  | <b>1,107,542</b>  |
| Ministry Debt Servicing Costs             | 57,287            | 52,819            | 51,406              | 64,562              | 75,963            | 87,210            |
| <b>Consolidated Expense</b>               | <b>1,376,625</b>  | <b>1,191,725</b>  | <b>1,460,643</b>    | <b>1,119,675</b>    | <b>1,139,738</b>  | <b>1,194,752</b>  |
| Gain (Loss) on Disposal of Capital Assets | (42)              | -                 | -                   | -                   | -                 | -                 |
| <b>CONSOLIDATED NET OPERATING RESULT</b>  | <b>(745,362)</b>  | <b>(441,173)</b>  | <b>(739,720)</b>    | <b>(393,760)</b>    | <b>(389,762)</b>  | <b>(404,813)</b>  |